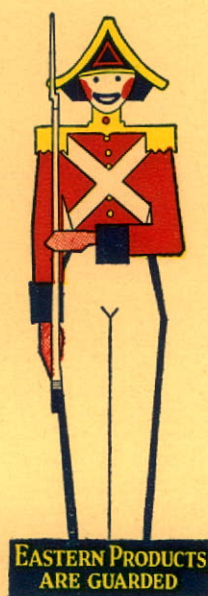


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EASTERN DAIRIES LIMITED



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**Annual Report
for the year ending
31st March, 1933**

EASTERN DAIRIES, LIMITED

OFFICERS

President and Managing Director

W. R. AIRD, Montreal

Vice-President

P. A. THOMSON, Montreal

DIRECTORS

W. R. AIRD Montreal

A. J. NESBITT Montreal

C. B. PRICE Montreal

P. A. THOMSON Montreal

H. R. TRENHOLME Montreal

E. W. KING, Secretary-Treasurer

Fiscal Agents

NESBITT, THOMSON & COMPANY, LIMITED

Transfer Agents

MONTREAL TRUST COMPANY

Auditors

P. S. ROSS & SONS

EASTERN DAIRIES, LIMITED

To the Shareholders:

YOUR Directors submit herewith their Annual Report covering the operations of your Company and its Subsidiaries for the year ended March 31st, 1933, accompanied by a Consolidated Statement of Assets and Liabilities and Surplus Account, duly certified by the Company's auditors.

The net profits from operations for the year, and for the previous fiscal year ended March 31st, 1932, are as follows:

	1932	1933
Operating Profit.....	\$801,689.04	\$491,563.24
LESS:		
Bond Interest.....	\$180,000.00	\$180,000.00
Premium paid and accrued on U.S.A. funds for Bond Interest.....	19,247.64	24,090.01
Depreciation.....	200,000.00	225,000.00
Bond Discount and Expense.....	10,453.84	10,453.84
	409,701.48	439,543.85
	\$391,987.56	\$ 52,019.39

It will be noticed that the cost of paying interest on your Company's Bonds in United States funds increased by \$4,842.37. A dividend on the Common Stock of the Company was declared and paid at the rate of 25c. per share for the quarter ending June 30th, 1932. Dividends on the Preferred Stock of the Company were declared and paid at the rate of \$1.75 per share for the quarters ending June 30th, 1932, September 30th, 1932, and December 31st, 1932. Your Directors decided to defer action with respect to the dividends on the 7% Cumulative Preferred Stock for the quarter ending March 31st, 1933.

The decrease in the earnings of your Company is principally due to the continued unsatisfactory conditions and the consequent lack of purchasing power. The volume of sales is somewhat lower than the previous year, particularly sales of the higher-priced products, namely, butter, cream and ice cream. While the number of customers served has been well maintained, the average sales per customer are lower.

The number of customers who are obliged to obtain their supplies through relief organizations has increased by a very considerable extent during the year, and as these sales are made at lower than regular retail prices, the earnings of your Company were adversely affected.

The continuing low values of dairy products throughout the world have also contributed to the decreased earnings of your Company. During normal times only milk which is produced under ideal conditions is shipped to the larger cities for

EASTERN DAIRIES, LIMITED

consumption as fluid milk. The low prices obtainable for milk for the production of butter, cheese, milk powder and other exportable products have induced many of the producers of milk for that market to ship to the cities at very low prices. This has caused severe competition, and consequently a reduction in your Company's selling prices, a considerable portion of which had to be absorbed by your Company in order to ensure a plentiful supply of milk of high quality.

Your Directors believe that the policy of continuing to purchase and offer for sale only milk, cream, butter and other dairy products of the highest quality is in the best interests of your Company, and will, with the return of normal conditions, result in increased sales and earnings.

In April, 1932, a tax of 6% was levied on the sales of ice cream which had to be absorbed by your Company. The cost of supplies purchased by your Company was increased through the raising of the sales tax from 4% to 6% in April, 1932. Provincial and Municipal taxes were also considerably in excess of previous years. This continual increase in taxation has had a very serious effect on the earnings of your Company.

During the year substantial reductions were effected in salaries and wages, and your Directors have made every endeavour to reduce expenses consistent with the maintenance of efficient service. After absorbing the extra taxation referred to, the expenses for the fiscal year are over \$300,000.00 less than the previous year.

The current position of your Company has been well maintained. Collections of Accounts Receivable have been somewhat lower than in previous years and your Directors decided to credit the Reserve For Bad Debts with an additional \$25,000.00, and also to set up a Reserve of \$25,000.00 against Deferred Accounts Receivable. Inventories of products and supplies have been reduced as far as possible, consistent with efficient purchasing and the volume of products produced. In December, 1932, the employees completed the purchase of shares of the Common Stock of the Company referred to in the Report for the previous year.

The securities owned by your Company are substantially the same as at the end of the previous year, and consist of Government, Public Utility and Industrial Bonds, and Preferred and Common Stocks.

The amount of \$225,000.00 reserved for Depreciation is \$25,000.00 higher than in previous years and your Directors consider that this amount is sufficient in view of the excellent condition in which the plants are maintained.

Your Directors again wish to express their appreciation of the services rendered by the officers and employees of your Company.

Submitted on behalf of the Board.

W. R. AIRD, *President.*

EASTERN DAIRIES, LIMITED

CONSOLIDATED

AT MARCH 31, 1933

ASSETS

Current:

Cash on Hand and in Banks.....	\$ 43,611.76	
Accounts Receivable, less Reserve for Bad Debts.....	284,364.87	
Accrued Interest.....	8,231.19	
Inventories of Products, Raw Materials, Ingredients, Manufacturing, Advertising and Other Supplies.....	138,082.09	
Investment Securities at Cost*.....	\$539,767.10	
Investments Held in Trust*.....	7,700.00	
	<u>547,467.10</u>	
*The aggregate value of these securities based upon available market quotations, or in the absence thereof, upon estimated fair values, was approximately \$259,958.94 less than the above book value at 31st March, 1933.		
Cash Surrender Value—Life Insurance.....	11,825.91	
	<u>1,033,582.92</u>	

Other Assets:

Loans to Officers.....	\$ 7,459.90	
Deferred Accounts Receivable, less Reserve for Bad Debts.....	36,811.14	
Balances of Agreements of Sale.....	36,128.50	
	<u>80,399.54</u>	

Fixed:

Land, Buildings, Plant and Machinery, Equipment and Furniture and Fixtures (at replacement values new, as established by the Canadian Appraisal Company Limited with subsequent additions at cost).....	7,400,247.26	
Prepaid and Deferred Expenses.....	61,207.41	
Bond Discount and Organization Expenses.....	170,020.81	
Goodwill (being excess of Purchase Price of Affiliated Companies over total Book Value of Capital Stocks and Surpluses thereof at date of Acquisition).....	2,222,789.87	
	<u>\$10,968,247.81</u>	

Approved on behalf of the Board:

W. R. AIRD (Director)

H. R. TRENHOLME (Director)

ED AND SUBSIDIARIES

BALANCE SHEET

March 31st, 1933

LIABILITIES

Current:

Bank Loans and Overdraft—Secured.....	\$ 55,897.29	
Accounts Payable and Accrued Liabilities.....	323,430.55	
Unredeemed Tickets.....	15,743.71	
Salesmen's Deposits.....	51,214.29	
Dividend Payable.....	17,500.00	
Accrued Bond Interest.....	75,000.00	
		\$ 538,785.84

Deferred Revenue.....	11,188.28
Reserves for Depreciation.....	1,710,648.01

Capital of Affiliated Companies:

Crescent Creamery Company Limited—		
7% Cumulative Preferred Stock (Callable at 105% upon 30 days' notice).		
Authorized 14,500 Shares of \$100.00 each		
Issued and Outstanding, 10,000 Shares.....	\$1,000,000.00	
Acme Farmers Dairy Limited—		
7% Cumulative Preferred Stock		
Authorized 7,500 Shares of \$100.00 each		
Issued and Outstanding, 7,000 Shares.....	700,000.00	1,700,000.00

Six Per Cent Twenty Year First Collateral Trust Convertible Bonds, *Series "A", due 1st May, 1949.....	3,000,000.00
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Capital:

7% Cumulative Preferred Stock (Callable at 105% upon 30 days' notice)		
Authorized 50,000 Shares of \$100.00 each		
Issued and Outstanding, 25,000 Shares.....		2,500,000.00
(Dividend in arrears since 1st January, 1933.)		
Common Stock—		
Authorized 200,000 Shares of No Par Value		
Issued and Outstanding, 93,423 Shares.....		1,466,995.00
Subscribed and Allotted, 6,577 Shares.....	\$131,540.00	
Less: Unpaid thereon.....	131,540.00	

Surplus, subject to Federal and Provincial Taxes.....	40,630.68
	<u>\$10,968,247.81</u>

* 48,000 Shares of No Par Value reserved for Conversion Purposes.

Auditors' Certificate

We have compared the above Consolidated Balance Sheet at 31st March, 1933, with the books and records of Eastern Dairies, Limited and its Subsidiaries, with the exception of The Producers Dairy, Limited for which we have received certified statements.

We certify that, in our opinion, the attached Consolidated Balance Sheet has been drawn up so as to set forth a true and correct view of the financial position of Eastern Dairies, Limited and its Subsidiaries at 31st March, 1933, according to the best of our information, the explanations given to us and as shown by the books of the Companies examined by us and the certified statements given to us.

P. S. ROSS & SONS,
Chartered Accountants.

EASTERN DAIRIES, LIMITED AND SUBSIDIARIES

CONSOLIDATED SURPLUS ACCOUNT AT 31st MARCH, 1933

Balance at Credit 31st March, 1932, before providing for Federal and Provincial Taxes.....			\$257,682.09
ADD:			
Adjustment pertaining to Prior Periods.....	\$10,672.38		
LESS:			
Provincial Taxes Paid.....	7,218.43		
		3,453.95	
			\$261,136.04
ADD:			
Net Profit for the year ended 31st March, 1933, before providing for Bond Interest, Depre- ciation and Income Taxes.....			\$491,563.24
LESS:			
Bond Interest.....	\$180,000.00		
Premium Paid and Accrued on U.S.A. Funds for Bond Interest	24,090.01		
Depreciation.....	225,000.00		
Amortization of Bond Discount and Expense..	10,453.84		
		439,543.85	
			52,019.39
			313,155.43
LESS:			
Dividends on Preferred Shares.....	250,250.00		
Common Shares.....	22,274.75		
			272,524.75
Balance at Credit, 31st March, 1933, subject to Federal and Provincial Taxes.....			<u><u>\$40,630.68</u></u>

SUBSIDIARY COMPANIES

ACME FARMERS DAIRY, LIMITED TORONTO, ONT.

Main Plant	Walmer Road & Bridgman Street
Ice Cream Plant	254 Berkeley Street
Distributing Depot	2359 Danforth Avenue
“ “	Centre Island
Store	New Toronto
Powder and Condensing Plant	Napanee, Ont.
Powder, Condensing and Cheese Plant	Sydenham, Ont.
Storage Plant	21 Essex Avenue

HAMILTON, ONT. 797 Barton Street, East

G. A. AIRD, PRESIDENT AND MANAGING DIRECTOR

ELMHURST DAIRY, LIMITED MONTREAL, QUE.

Main Plant	7460 Upper Lachine Road
Distributing Depot	101 River Street, Verdun
“ “	6240 Hutchison Street, Outremont
Creamery	Richmond, Que.
“	L'Avenir, Que.

C. B. PRICE, MANAGING DIRECTOR

SUBSIDIARY COMPANIES

CRESCENT CREAMERY COMPANY, LIMITED WINNIPEG, MAN.

Main Plant	542 Sherburn Street
Ice Cream Plant	86 Burnell Street
Storage Plant	85 Lombard Street
Distributing Depot	Le Pas, Man.
" "	Fort William, Ont.
" "	Pine Falls, Man.
Branch	Killarney, Man.
"	Portage la Prairie, Man.
"	Swan River, Man.
"	Vita, Man.
"	Yorkton, Sask.
Receiving Station	Giroux, Man.
" "	Ste. Anne, Man.
" "	Letellier, Man.
" "	Oak Island, Man.
" "	Steinback, Man.
" "	La Broquerie, Man.

F. J. DONEGANI, VICE-PRESIDENT AND MANAGING DIRECTOR

THE PRODUCERS DAIRY, LIMITED OTTAWA, ONT.

Main Plant	275 Kent Street
Garage and Stables	28 Arthur Street
Creamery	Almonte, Ont.
"	Shawville, Que.
Cheese Factory	Township of Ramsay, Ont.

BOWER HENRY, PRESIDENT AND MANAGING DIRECTOR

